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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
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09/398,170 09/17/99 NOTANI R 020431-0467

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LM02/0706

EXAMINER

KANOF, P

ART UNIT

PAPER NUMBER

2765

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Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

Office Action Summary

Application No.
09/398,170

Applicant(s)
Notani

Examiner
Pedro R. Kanof

Group Art Unit
2765



☒ Responsive to communication(s) filed on Sep 17, 1999

☐ This action is **FINAL**.

☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11; 453 O.G. 213.

A shortened statutory period for response to this action is set to expire three month(s), or thirty days, whichever is longer, from the mailing date of this communication. Failure to respond within the period for response will cause the application to become abandoned. (35 U.S.C. § 133). Extensions of time may be obtained under the provisions of 37 CFR 1.136(a).

Disposition of Claims

☒ Claim(s) 1-37 is/are pending in the application.

Of the above, claim(s) _____ is/are withdrawn from consideration.

☐ Claim(s) _____ is/are allowed.

☒ Claim(s) 1-37 is/are rejected.

☐ Claim(s) _____ is/are objected to.

☐ Claims _____ are subject to restriction or election requirement.

Application Papers

☐ See the attached Notice of Draftsperson's Patent Drawing Review, PTO-948.

☐ The drawing(s) filed on _____ is/are objected to by the Examiner.

☐ The proposed drawing correction, filed on _____ is ☐ approved ☐ disapproved.

☐ The specification is objected to by the Examiner.

☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. § 119

☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).

☐ All ☐ Some* ☐ None of the CERTIFIED copies of the priority documents have been
☐ received.

☐ received in Application No. (Series Code/Serial Number) _____.

☐ received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

*Certified copies not received: _____.

☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

Attachment(s)

☒ Notice of References Cited, PTO-892

☒ Information Disclosure Statement(s), PTO-1449, Paper No(s). 2

☐ Interview Summary, PTO-413

☐ Notice of Draftsperson's Patent Drawing Review, PTO-948

☐ Notice of Informal Patent Application, PTO-152

— SEE OFFICE ACTION ON THE FOLLOWING PAGES —

Art Unit: 2765

DETAILED ACTION

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 1-37 are rejected under 35 U.S.C. 103(a) as being unpatentable over Huang et al. (U.S. Patent No. 5,953,707) in view of Shepherd (U.S. Patent No. 5,970,479).

Claims 1, 19 and 28: The invention regarding a method of buying in a supply chain, wherein the contract is an option contract. Huang discloses the invention substantially as claimed, including a method of optimizing multi-enterprise supply chain, a buyer system or “*a procurement manager operable to be executed on the processor of a buyer computer*”, and a seller system or “*a supply manager operable to be executed on the processor of a seller computer*”, comprising:

determining at a buyer computer a range of forecasted demand for a product (Col. 12, lines 51-65);

communicating from the buyer computer to a seller computer an offer to enter into a contract for the supply of a product (Col. 18, line 6-Col. 19, line 57);

executing the option contract (Col. 26, lines 1-43); and

Art Unit: 2765

updating at the buyer computer the forecasted demand (Col. 25, lines 34-67).

However, Huang does not disclose wherein the contract is an option contract nor exercising the option in the option contract. Shepherd discloses wherein the contract is an option contract (Col. 48, lines 8-65); and exercise the option in the option contract within the range of forecasted demand (Col. 55, line 39-Col. 56, line 7). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to use an option contract in order to minimize the risk due to changes in the market and to obtain flexibility in the management of the business.

Claims 2, 3, 20, 21, 29 and 30: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, a buyer system, and a seller system as discussed above in Claims 1, 19 and 28. However, neither Huang nor Shepherd disclose wherein the option comprises a plurality of ranges of parameters selected from a group consisting of:

a minimum quantity of a product that the buyer is obligated to purchase, and a maximum quantity of the product that the seller is obligated to supply;

a minimum number of product types that the buyer is obligated to purchase, and a maximum number of product types that the seller is obligated to supply; and

a minimum number and a maximum number of locations where a product must be delivered. Official notice is taken that is old and well known within the contracts to define in the contract minimum quantity of a product that the buyer is obligated to purchase, and a maximum quantity of the product that the seller is obligated to supply, the minimum number of product

Art Unit: 2765

types that the buyer is obligated to purchase, and a maximum number of product types that the seller is obligated to supply; and also the minimum number and a maximum number of locations where a product must be delivered. Companies with a plurality of factories (like the automotive industry), which make forecasting and planning with different goals --and for different departments-- use different "planning horizons", for example marketing could work with a 24 months horizon, production with a 12 months horizon, buyers with 6 months horizon, and the floor-shop with a week horizon. These figures depend of the policies, methods and practices that each company implemented (MRP, just in time, etc.). Buyers are not interested in buying under a minimum quantity of a product in order to minimize the number of suppliers, because there is a cost associated to maintain contacts with an additional supplier, and for image reasons. At the same time, buyers are not interested in buying over a maximum quantity of a product from one supplier, in order to distribute their need between two or more suppliers, so as not to depend only on one supplier and to obtain certain competition benefits. This also happens in the food industry, where the retail chains like Safeway, Giant, etc. define in the contract with the producers (sellers) (like Procter & Gamble, Nabisco, Nestle, etc.) where and when each item must be delivered. Some contracts also define details, such as the parking place for the sellers' trucks in the parking area in order to facilitate the delivery operations in their warehouses. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to define in the contracts the above indicated steps. One would have been motivated to include these steps in order to facilitate the management of the various enterprise functions/departments

Art Unit: 2765

which interact with the buyer's process from the finance to the production planning to materials management.

Claim 4: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, as discussed above in Claim 1, wherein the option contract includes an exercise period comprising a period of time after the execution of the options contract during which the buyer must exercise its option. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to define in the contracts the above indicated steps. One would have been motivated to include that steps in order to obtain flexibility in the management of the business.

Claim 5: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, as discussed above in Claim 4, wherein exercising the option comprises:

specifying a first quantity of product desired at a first time during the exercise period (Col. 31, lines 29-45);

specifying a second quantity of product desired at a second time during the exercise period (see Fig. 23, # 270, replenishment planning);

and wherein the updated forecasted demand comprises the sum of the first and second quantities of product desired (see Fig. 23, # 272, replenishment schedule).

Claim 6: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, as discussed above in Claim 1. However, neither Huang nor Shepherd disclose the steps:

Art Unit: 2765

receiving from the seller computer a modified range of forecasted demand comprising the range of forecasted demand modified by an optimization model at the seller computer; and

accepting the modified range of forecasted demand as a term to the option contract.

Official notice is taken that is old and well known within the option contract art to receive from the seller computer a modified range of forecasted demand comprising the range of forecasted demand modified by an optimization model at the seller computer; and to accept the modified range of forecasted demand as a term to the option contract. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to manage a option contract using the above indicated steps. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claim 7: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, as discussed above in Claim 1. However, neither Huang nor Shepherd disclose exercising the option using the steps:

receiving a proposed contract term from the seller computer;

accessing a memory comprising a range of acceptable contract terms; and

comparing the proposed contract term to the range of acceptable contract terms. Official notice is taken that is old and well known within the option contract art to use these steps.

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to receive a proposed contract term from the seller computer, to access a memory comprising a range of acceptable contract terms; and to compare the proposed contract

Art Unit: 2765

term to the range of acceptable contract terms. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claim 8: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, as discussed above in Claim 7. However, neither Huang nor Shepherd disclose exercising the option using the steps:

determining that the proposed contract term is within the range of acceptable contract terms; and

accepting the proposed contract term without user input. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to determine that the proposed contract term is within the range of acceptable contract terms and to accept the proposed contract term without user input. One would have been motivated to include these steps in order to manage and negotiate the risk associates to the contract.

Claim 9: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, as discussed above in Claim 7. However, neither Huang nor Shepherd disclose exercising the option using the steps:

determining that the proposed contract term is not within the range of acceptable contract terms; and

identifying the proposed contract term as a term requiring user input prior to

Art Unit: 2765

acceptance. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to determine that the proposed contract term is not within the range of acceptable contract terms; and to identify the proposed contract term as a term requiring user input prior to acceptance. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claim 10: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, as discussed above in Claim 1. However, neither Huang nor Shepherd disclose the steps:

determining at the buyer computer a proposed option price comprising a value of the option to a buyer associated with the buyer computer;

communicating from the buyer computer to the seller computer the proposed option price; and

negotiating with the seller computer an agreed option price based on the value of the option to the buyer and a cost of the option to a seller associated with the seller's computer. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to determine at the buyer computer a proposed option price comprising a value of the option to a buyer associated with the buyer computer; to communicate from the buyer computer to the seller computer the proposed option price, and to negotiate with the seller computer an agreed option price based on the value of the option to the buyer and a

Art Unit: 2765

cost of the option to a seller associated with the seller's computer. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claim 11: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, as discussed above in Claim 10. However, neither Huang nor Shepherd disclose the steps:

receiving from the seller computer a modified proposed range of forecasted demand comprising the proposed range of forecasted demand modified by an optimization model at the seller computer;

determining a modified proposed option price based on the modified proposed range of forecasted demand; and

communicating the modified proposed option price to the seller computer. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to receive from the seller computer a modified proposed range of forecasted demand comprising the proposed range of forecasted demand modified by an optimization model at the seller computer, to determine a modified proposed option price based on the modified proposed range of forecasted demand, and to communicate the modified proposed option price to the seller computer. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Art Unit: 2765

Claim 12: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain using an electronic option contract, as discussed above in Claim 1. However, neither Huang nor Shepherd disclose the steps receiving at a seller computer terms of an option contract from a buyer computer, the terms comprising an option corresponding to a buyer's range of forecasted demand for a product, communicating to the buyer computer an acceptance of the terms of the option contract, storing the terms of the accepted option contract in a memory accessible to the seller computer; and enforcing the terms of the option contract at the seller computer without user input. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to receive at a seller computer terms of an option contract from a buyer computer, the terms comprising an option corresponding to a buyer's range of forecasted demand for a product, to communicate to the buyer computer an acceptance of the terms of the option contract, to store the terms of the accepted option contract in a memory accessible to the seller computer; and to enforce the terms of the option contract at the seller computer without user input. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claim 13: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain using an electronic option contract, wherein the option comprises a range of parameters selected from a group consisting of a minimum quantity of a product that the buyer is obligated to purchase, and a maximum quantity of the product that the seller is obligated to supply; a minimum

Art Unit: 2765

number of product types that the buyer is obligated to purchase, and a maximum number of product types that the seller is obligated to supply; and a minimum number and a maximum number of locations where a product must be delivered as discussed above in Claims 2 and 12.

Claim 14: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain using an electronic option contract, wherein the option comprises a plurality of ranges of parameters each selected from a group consisting of a minimum quantity of a product that the buyer is obligated to purchase, and a maximum quantity of the product that the seller is obligated to supply; a minimum number of product types that the buyer is obligated to purchase, and a maximum number of product types that the seller is obligated to supply; and a minimum number and a maximum number of locations where a product must be delivered as discussed above in Claims 3 and 12.

Claim 15: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain using an electronic option contract, wherein the option contract includes an exercise period comprising a period of time after the execution of the option contract during which the buyer must exercise its option, and wherein enforcing the terms of the option contract comprises receiving a request from the buyer computer to exercise the buyer's option comprising an identification of the buyer's exercised level of demand under the contract, accessing the memory to retrieve the stored contract terms, including an exercise period begin date and an exercise period end date, and comparing a current date to the exercise period begin date and the exercise period end date as discussed above in Claims 7 and 12.

Art Unit: 2765

Claim 16: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain using an electronic option contract, further comprising determining that the exercise period has begun and has not expired; and accepting the buyer computer's request to exercise the buyer's option as discussed above in Claims 8 and 15.

Claim 17: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain using an option contract, wherein the buyer computer's request comprises an identification of a first quantity of product desired, and further comprises storing the request for a first quantity of product desired in the memory; receiving a subsequent request from the buyer computer to exercise the buyer's option comprising an identification of a second quantity of product desired; determining that the exercise period has not yet expired; and storing the request for a second quantity of product desired in the memory as discussed above in Claims 5 and 16.

Claim 18: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain using an option contract, wherein the buyer computer's request comprises an identification of a first quantity of product desired, and further comprises comparing the buyer's exercised demand level to a minimum obligation of the buyer under the contract and determining a penalty if the buyer's minimum obligation level exceeds the buyer's exercised demand level after the expiration of the exercise period as discussed above in Claims 6 and 16.

Claims 22, 31 and 32: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, a buyer system, and a seller system, using an option contract as

Art Unit: 2765

discussed above in claims 19 and 28. However, neither Huang nor Shepherd disclose wherein the option contract includes an exercise period comprising a period of time after the execution of the option contract during which the buyer must exercise its option, and wherein the exercise module is further operable to specify a first quantity of product desired at a first time during the exercise period and to specify a second quantity of product desired at a second time during the exercise period, the buyer's obligation under the option contract comprising the sum of the first and second quantities of product desired; and wherein the option contract comprises a penalty term specifying a penalty for a violation of the contract terms, and wherein the tracking module is operable to identify a violation of the contract terms and to assess a penalty for the violation based on the penalty term. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to specify a second quantity of product desired at a second time during the exercise period comprising the sum of the first and second quantities of product desired, and to define a penalty for a violation of the contract terms, using a tracking module to identify a violation of the contract terms. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claims 23, 33 and 34: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, a buyer system, and a seller system, using an option contract as discussed above in claims 19 and 28. However, neither Huang nor Shepherd disclose wherein the negotiating module is further operable to receive a proposed contract term from the seller

Art Unit: 2765

computer, to access a memory comprising a range of acceptable contract terms, to determine that the proposed contract term is within the range of acceptable contract terms, and to accept the proposed contract term without user input. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to negotiate a module which is further operable to receive a proposed contract term from the seller computer, to access a memory comprising a range of acceptable contract terms, to determine that the proposed contract term is within the range of acceptable contract terms, and to accept the proposed contract term without user input. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claims 24 and 35: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, a buyer system, and a seller system, using an option contract as discussed above in claims 19 and 28. However, neither Huang nor Shepherd disclose wherein the negotiating module is further operable to receive a proposed contract term from the seller computer, to access a memory comprising a range of acceptable contract terms, to determine that the proposed contract term is not within the range of acceptable contract terms, and to identify the proposed contract term as a term requiring user input prior to acceptance. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to receive a proposed contract term from the seller computer, to access a memory comprising a

Art Unit: 2765

range of acceptable contract terms, to determine that the proposed contract term is not within the range of acceptable contract terms, and to identify the proposed contract term as a term requiring user input prior to acceptance. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claim 25 and 36: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, a buyer system, and a seller system, using an option contract as discussed above in claims 19 and 28. However, neither Huang nor Shepherd disclose an aggregation module operable to compare a buyer's aggregation of parameters with a seller's aggregation of parameters and to transform at least one of the aggregations of parameters to conform with a common aggregation of parameters. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to use a module operable to compare a buyer's aggregation of parameters with a seller's aggregation of parameters and to transform at least one of the aggregations of parameters to conform with a common aggregation of parameters. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claim 26 and 37: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, a buyer system, and a seller system, using an option contract as discussed above in claims 19 and 28. However, neither Huang nor Shepherd disclose an option price module operable to determine a proposed option price comprising a value of the option to a buyer

Art Unit: 2765

associated with the procurement manger and to communicate the proposed option price to a seller computer, and wherein the negotiation module is operable to negotiate with the seller computer an agreed option price based on the value of the option to the buyer and a cost of the option to a seller associated with the seller's computer. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to use an option price module operable to determine a proposed option price comprising a value of the option to a buyer, and wherein the negotiation module is operable to negotiate with the seller computer an agreed option price based on the value of the option to the buyer and a cost of the option to a seller associated with the seller's computer. One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Claim 27: Huang and Shepherd disclose a method of optimizing a multi-enterprise supply chain, a buyer system, and a seller system, using an option contract as discussed above in claim 19. However, neither Huang nor Shepherd disclose a tracking module operable to store terms of the executed option contract and to track the buyer's fulfillment of its obligations under the option contract. Official notice is taken that is old and well known within the option contract art to use these steps. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to use a tracking module operable to store terms of the executed option contract and to track the buyer's fulfillment of its obligations under the option contract.

Art Unit: 2765

One would have been motivated to include these steps in order to manage and negotiate the risk associated with the contract.

Conclusion

3. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.
4. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Exr. Pedro R. Kanof whose telephone number is (703) 308-9552. The examiner can normally be reached on weekdays from 6:30 a.m. to 3:00 p.m.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Mr. Allen R. MacDonald, can be reached on (703) 305-9708. The fax phone number for this Group is (703) 308-1396.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (703) 305-3900.

PRK-6/29/30.



ALLEN R. MACDONALD
SUPERVISORY PATENT EXAMINER